

GOVERNMENT OF TELANGANA
A B S T R A C T

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of loan of Rs.553.26 crores from Bank of India for execution of Intra Village works of Mission Bhagiratha in two segments 1) Providing Drinking water to Chevella, Vikarabad, Parigi, Thandur & Maheswaram Constituencies in Ranga Redey District from Srisailem Reservoir 2) Providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahboobnagar District (Srisailem –Gudipally Part-1B) with an estimated project cost of Rs.691.57 crores – Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) EPARTMENT

G.O.Rt.No.70

Dated:29.01.2018.
Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept., dt.15.05.2015.
- 2.G.O.Rt.No.665, PR&RD (RWS-IV) Dept., Dated.28.10.2017.
- 3.From the Bank of India, Khairatabad Branch, Hyderabad, Lr.No.KHB/ADV/2017-18/334, dt.8.12.2017
- 4.From the ENC, RWS&S, Hyd, Lr.No.A2/TDWSP/Bank of India-IV/2017, Dt.23.12.2017.

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation Limited (TDWSCL) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 4th read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that proposals were submitted to the Bank of India for execution of Intra Village works of Mission Bhagiratha in two segments 1) Providing Drinking water to Chevella, Vikarabad, Parigi, Thandur & Maheswaram Constituencies in Ranga Redey District from Srisailem Reservoir 2) Providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahboobnagar District (Srisailem –Gudipally Part-1B) with an estimated total project cost of Rs.691.57 Cr. He has also stated that the Bank of India, Hyderabad in the reference 3rd read above have sanctioned the term loan of Rs.553.26 crores out of the total project cost of Rs.691.57 Cr for execution of above works along with terms and conditions for acceptance of the competent authority. As such, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above works and issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Bank of India.

3. In the reference 2nd read above, Government have issued orders permitting the MD, TDWSCL to take further loan of an amount of Rs.6,365.22 crores (including the Bank of India of Rs.553.26 crores out of the total project cost of Rs.691.57 crore) as against the total project cost of Rs.7,956.52 crores duly extending the Govt. guarantee and providing required margin money of Rs.1591.30 crores through budgetary support.

4. In pursuance of the orders issued in the reference 2nd read above and after examination of the matter, Government hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation Limited to borrow the loan amount of Rs.553.26 crores (Rupees Five hundred Fifty Three crores and Twenty Six lakhs only) from the Bank of India with an estimated project cost of Rs.691.57 crores for execution of Intra Village works of Mission Bhagiratha in two segments 1) Providing Drinking water to Chevella, Vikarabad, Parigi, Thandur & Maheswaram Constituencies in Ranga Redey District from Srisailem Reservoir 2) Providing Primary Transmission System from Yellore Reservoir till Secondary Transmission System within Mahboobnagar District (Srisailem –Gudipally Part-1B) as per the terms and conditions of Bank of India at the Rate of Interest (RoI) : 1 Yr MCLR (8.30%) + BSS (0.30%) + CRP (0.60%) i.e., 9.20% p.a. fixed upto 31.03.2020 and thereafter yearly reset on floating basis. He is also

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permitted to execute loan agreement with Bank of India. Government of Telangana will stand as guarantee for repayment of loan taken from Bank of India covering principal and interest. The State margin money (i.e., 20% project cost) of Rs.138.31 crores (Rupees One hundred Thirty Eight crores and Thirty One lakhs only) will be met by the Government of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended as annexure to this order.

5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period, as the guarantee commission can't be exempted as per RBI Guidelines. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60 Other Services – MH 800 Other Receipts – SH 08 Commission for guarantee given by Government".

6. The Managing Director, Telangana Drinking Water Supply Corporation Limited shall take necessary action in the matter accordingly.

7. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.16683/01/A1/2018, dt.24.01.2018.

8. This order is available online and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)

To

The Managing Director,

Telangana Drinking Water Supply Corporation Ltd.,, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister,

The Finance (DCM) Department.

The PS to C.S & Special Chief Secretary(RWS)(FAC).

The Engineer -in-Chief, RWS&S, Hyderabad.

The Bank of India, Hyderabad through ENC, RWS&S, Hyderabad.

The Advisor to Govt., RWS&S.,

SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd....Annexure)

The terms and conditions approved by the Government

ANNEXURE-I

FACILITIES:

[Rs. in Cr]

No.	Details	Limits	Margin	Pricing/ROI
1)	Term Loan-I (TL I) (Review of existing limit)	1440.00	20%	1Yr MCLR (8.30%) + BSS (0.30%) + CRP (0.60%) i.e, 9.20% p.a fixed upto 31.03.2020 and thereafter yearly reset on floating basis. Spread shall be fixed based on the MCLR prevailing at the time of documentation resulting to 9.20% effective ROI.
2)	Term Loan-II (TL II) (Review of existing limit)	376.00	20%	
3)	Term Loan-III (TL III)	553.26	20%	
Total		2369.26		--

Principal Security :

TL I & TL II: Exclusive charge by way of Hypothecation of assets created out of term loans funded by the Bank with a value of Rs Rs.2270.00 Cr.

TL III : Exclusive charge by way of Hypothecation of assets created out of term loans funded by the Bank with a value of Rs. 691.57 Cr.

Collateral: Unconditional &irrevocable guarantee of State Government of Telangana.

Purpose:

Term Loan-I: For funding the implementation of the drinking water supply project in the Rangareddy-Srisailam segment under Mission Bhagiratha to Chevella, Vikarabad, Parigi, Thandur and Maheshwaram Constituencies with a project cost of Rs.1800.00 Cr and with a margin of 20% to be contributed by the state government before release of our limits.

Term Loan-II: For funding the implementation of the project in the Mahbubnagar– Ranga Reddy Districts (Srisailam-Gudipally Part-1b) under Mission Bhagiratha from Yellore Reservoir with a project cost of Rs.470.00 Cr and with a margin of 20% to be contributed by the state government before release of our limits.

Term Loan –III : Undertaking intra village works i.e. Providing tap water to every house hold through tap connection from the pump house / water tanks situated in the each village under mission Bagiratha with a project cost of Rs. 691.57 Cr for which Term Loan I & II taken from our bank, with a margin of 20% to be contributed by the state government before release of our limits.

REPAYMENT:

Term Loan-I: Term Loan-I - Rs.1440.00 Cr is to be repaid in 48 equal quarterly installments Rs.30.00 Cr commencing from end of March Quarter, 2020 (Moratorium period is upto December 2019). Door to door tenure is 15 years. Interest is to be serviced at monthly rests as and when applied.

Term Loan-II: Rs.376.00 Cr is to be repaid in 48 quarterly installments i.e. 47 installments of Rs.7.83 Cr each and 48th installment Rs.7.99 Cr commencing from end of March Quarter 2020 (Moratorium period is upto December 2019). Door to door tenure is 15 years. Interest is to be serviced at monthly rests as and when applied.

Term Loan –III: Rs. 553.26 Cr is to be repaid in 48 quarterly installments i.e. 47 installments of Rs.11.52 Cr each and 48th installment Rs.11.82 Cr commencing from end of June Quarter 2020 (Moratorium period is upto March 2020). Door to door tenure is 15 years. Interest is to be serviced at monthly rests as and when applied.

Pre-disbursement terms and conditions:

1. Sanction letter issued by the Bank is to be acknowledged& accepted by the Corporation & State Government duly supported by Board Resolution.
2. Submit resolution under section 180(1)(c) of the Companies Act, 2013 fixing its borrowing limits and submission of certificates to that effect from statutory auditors that the aggregate borrowing includes borrowings from our Bank are within such limit.

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3. Corporation is to submit State Government approval for
 - a) Borrowing Rs. 553.26 (New Limit)) from our Bank.
 - b) Providing the unconditional and irrevocable guarantee of the Government of Telangana for repayment of principal and interest.
 - c) Release of margin amount @ 20% of the project cost from time to time so as to ensure debt equity ratio at 4:1.
 - d) Servicing of interest during moratorium period.
4. Execution of Bank Security documents including renewal document (L444C), Unconditional Cancellation Commitment (UCC) document and Invocation of SDR document by the duly authorized officials of the Corporation supported by Board Resolution and the same shall be subject to the legal vetting by the Bank.
5. The Deed of Guarantee to be executed by Government of Telangana and the same shall be vetted by Legal Department of the Bank.
6. Submission of Implementation and draw-down schedules along with DCCO which is to be part of documentation.
7. Payment of upfront fee for new limit @0.10% of Rs.553.26 Cr i.e. Rs.0.553 Cr + applicable GST @ 18%.
8. Corporation is to submit letter of commitment/Government Order from the Finance Department, Government of Telangana for contributing of margin of 20% of the project cost and servicing of the interest during the moratorium period and thereafter.
9. Inspection of the specific segments to be funded by the Bank will be carried out by the Bank officials along with officials of the Corporation.
10. Corporation to submit a certificate that "all the statutory and non-statutory clearances/ approvals including Environmental/ forest if any required from State and Central Governments for implementation of the project are obtained" along with copies thereof.
11. All the assets created out of bank finance are to be insured in the name of corporation for full value/ adequately with Banks Clause in Term Loan – I & II and Waiver of insurance is considered for the assets created out of bank finance under Term Loan – III. However the corporation has to take necessary steps in safe guarding the assets created out of bank finance to protect the bank's interest.
12. Corporation shall submit to the effect that the water usage for the project is and will be within the overall water allocation made to the project, necessary land is acquired for smooth implementation of the project, project designs are approved by the competent authority and that there are no inter-state disputes that affect the progress / implementation of the project.
13. Corporation shall undertake that the Bank dues are to be serviced from the project revenues only.
14. Corporation to confirm that there is "no budgetary support from the state government towards funding of the project, repayment of loan obligations" and that the segments to be funded by Bank of India, are allotted to Bank of India, Khairatabad Branch Only.
15. Consent letter from the borrower/guarantor for disclosure of their names in the defaulters' list, CIBIL data in the event default as per RBI guidelines.
16. Release of limits is subject to compliance of bank's internal procedure like CPA and vetting.
17. The corporation has to submit the duly CAG audited financials as on 31.03.2017 immediately upon receipt of the same. However the required information / data which is required for under taking of annual review of accounts is to be submitted one month before due date of the same i.e. Every year in November.
18. Upon receipt of Audited Financials as on 31-03-2017, Bank will carry out credit rating of the Corporation internally and any downgrading in the credit rating, Bank has the right to revisit any concessions allowed like Rate of Interest and chargers at the time sanction of the loans.
19. Corporation shall undertake that any cost escalation will be met from the grants to be provided by the state government and / or internal resources without recourse to the project lenders and need based loan amount shall be drawn proportionate to the assessed specific project cost by maintaining the required margin amount.
20. Provide information about the position of various borrowings availed by the Corporation every year beginning with position as on 30.11.2017.
21. The bank has waived charges for change in / modification of terms of sanction as requested by you, however the corporation is supposed to pay Rs.2 lacs the amount incurred by the bank for payment of vetting fee for study of feasibility report conducted by retired Chief Engineer of Public Health Department.
22. The corporation has to submit utilization certificate for full amount i.e loan amount drawn in the month of Sept 2017 + margin amount by the corporation's statutory auditor duly countersigned by the authorized officials of the corporation.
23. The servicing of interest and repayment of loans raised from NABARD and HUDCO is having budgetary support of Government of Telangana.

(Contd. to Page.3)

Post-Disbursement terms and Conditions:

1. Filing of charges with ROC within 30 days from date of documentation.
2. Corporation to obtain insurance for the assets created out of the Bank finance with bank's clause and submit copy of the same for our records.
3. The progress of the specific segments for which Bank has financed shall be monitored by the Branch at regular intervals by obtaining reports from the Chief Engineer / Executive Engineer and conducting physical inspection to know the progress of the project.
4. **Mode of disbursement:** 80% of amount estimated to be incurred by the corporation will be released upon written request of the corporation along with a letter having availability of margin funds with the corporation.

Subsequent loan disbursements will be released upon submission of utilization certificate for full amount (loan disbursed + margin money) to be issued by the corporation's statutory auditor duly counter signed by the authorized officials of the corporation for earlier / previous loan disbursements.

OTHER APPROVALS: The competent authority of the Bank has approved following:

1. Waiver of documentation charges, inspection charges, penal interest, pre-payment charges and Waiver of TEV study and submission of CMA data.

ANNEXURE-II

Mandatory Covenants:

1. The borrower should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior written notice to the Bank.
2. In case of default in repayment of the loan / advances or in the payment of the interest thereon or any of the agreed instalments of the loan on due date(s) by the borrower, the Bank and / or the RBI will have an unqualified right to disclose or publish the borrower's name and/ or the name of the borrower / unit and its directors/ partners / proprietors (as well as their photograph) as defaulters / willful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.
3. The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.
4. In the event of default in repayment to the Bank or if cross default has occurred the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.
5. The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business.
6. The borrower will utilize the funds only for the purpose/s they have been lent. Any deviation will be dealt with as per RBI/Banks' guidelines.
7. The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries / group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
8. Corporation to submit Audited Balance Sheet within 8 months of closure of financial year and review / renewal data at least one month prior to due date.
9. Borrowers shall not affect any change in the borrower's capital structure which is detrimental to the lenders.
10. Promoter's share in the borrowing entity should not be pledged to any Bank / NBFC/ Institution without the consent of the Bank/lender.

II. Mandatory Negative Covenants

- 1) The Bank shall have the right to securitise the assets charged and in the event of such securitization, the Bank will suitably inform the borrower(s) and guarantor(s).
- 2) Without prior consent of the Bank, the Borrower **shall not** during the continuance of the credit facility granted:
 - a) Formulate any scheme of amalgamation or reconstruction.
 - ii) Enter into borrowing arrangement either secured or unsecured with any other bank financial institution, Corporation or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction for the segments financed by BOI.
 - iii) Undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other Corporation (including group companies).
 - iv) Create any charge, lien or encumbrance over the segments allotted to BOI or any part thereof in favour of any other financial institution, bank, Corporation, firm or persons.
 - v) Sell, assign, mortgage or otherwise dispose of any of the assets charged to the Bank.

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- vi) Enter into any contractual obligation of a long term nature or which, in the reasonable assessment of the Bank, is detrimental to lender's interest, viz. acquisition beyond the capability of borrower as determined by the present scale of operations or tangible net worth of the borrower/ net means of promoters etc., leveraged buyout etc.
 - vii) Permit any transfer of the controlling interest or make any drastic change in the management set-up including resignation of promoter directors.
 - viii) Pay any commission to the guarantor/s for guaranteeing the credit facilities sanctioned by the Bank other than commission as specified in respective G.Os.
- 3) If the Bank turns down the borrower's request for terms under i) to viii) mentioned above but the later still goes ahead, the Bank shall have the right to call up the facilities sanctioned.

III. Other terms, conditions & covenants, etc. applicable to the sanctioned facility(ies) :-

1. Without prejudice to the demand nature of the advance(s), the/these credit facility(ies) will remain in force for a period of one year and is/are subject to annual review. Next review will fall due on or before 28.09.2018.
2. All the sanctioned credit limits are to be utilised within a period of 6 months from the date of sanction (i.e. before 27.03.2018) failing which these facilities will lapse and any revalidation of the same will be considered at the sole discretion of the Bank.
3. The Corporation to execute necessary security documents/renewal documents for sanctioned/enhanced limit(s) duly supported by Board resolution and create and register stipulated charges with the authorities specified for the purpose within stipulated time limit before release of sanctioned/enhanced limits.
4. Guarantor(s): All fund based facilities to be guaranteed (Joint & Several guarantee) Unconditionally and irrevocably by State Government of Telangana.
5. Insurance is to be done by the corporation in the coming days for the segments funded by our bank.
6. The firm/Corporation to declare/undertake to us:
 - a. to provide to us promptly information (along with comments/explanation) about all material and adverse changes in your project/business, ownership, management, liquidity, financial position etc.
 - b. that any liabilities or obligations under the facilities shall not, at any time, rank postponed in point and security to any other obligation or liabilities to other lending institutions or banks or creditors, unless expressly agreed or permitted by bank.
7. The Corporation/firm to submit a stamped declaration cum undertaking to the effect that :-
 - a. The Corporation/firm or its directors/partners/promoters /guarantors /associate concerns of the Corporation/firm are not on ECGC Caution list/specific approval list, RBI's defaulters/caution list, COFEPOSA defaulters list, CIBIL defaulters list or our bank's defaulters list, and that no director of the Corporation is disqualified u/s 274 of the Companies Act.
 - b. No legal case of any nature has been filed against the Corporation/its associates affecting the financial position substantially, and in case of any suit is/will be filed against the Corporation, the bank shall be kept informed.
 - c. The servicing of interest and repayment of loans raised from NABARD and HUDCO having budgetary support of Government of Telangana.
 - d. No arrears in payment of Statutory liabilities by the Corporation.
 - e. No pending litigation against/ by the company (If yes details to be given).
 - f. A confirmation from the Corporation regarding the status of different regulatory compliance.
 - g. Guarantee commission will not be paid from the proposed term loan.
 - h. Undertaking regarding 'Environmental/ Forest Clearance' and 'Consent to establish/ operate' obtained from pollution control board.
8. Bank assumes no obligation whatsoever to meet your further (fund based or non-fund based requirements on account of growth in business or otherwise without proper revision and sanction of credit limits decided at the sole discretion of the bank. Further, if sanction terms are not complied with by you or if your account is classified as Non-performing Asset (NPA), then bank may not allow further withdrawals in the account.
9.
 - a) Notwithstanding what is stated herein above, we shall at any time and from time to time, be entitled to notify you and charge interest/commission/charges at such notified rates and this letter shall be construed as if such revised rates were mentioned herein.
 - b) You shall pay to or reimburse all costs, charges, expenses (including charges between the attorney or counsel and bank and those of our internal legal adviser/officer and other experts, consultants or professionals), disbursements, taxes, fees, stamp duties etc. whatsoever, incidental or to arising out of the facilities, their negotiation, the preparation, execution, registration and stamping of the documents relating thereto, the preservation or protection of our rights and interests of the enforcement or realisation of any security or any demand or any attempted recovery of the amounts due from you.

10. We shall be entitled to debit the amounts of all costs, charges and expenses to your account and such amounts shall stand secured by all securities given to or created in our favour in connection with the facilities. You indemnify and keep us fully and completely indemnified from time to time against the liabilities including all costs, charges and expenses stipulated herein whether debited to your account or not.
11. Any failure to exercise or delay in exercising any of our rights hereunder or under any other documents will not act as a waiver of that or any other right nor shall any single or partial exercise preclude any future exercise of that right.
12. So long as any monies are due to us from you under any of the facilities, we shall have a lien/charge for such amounts on all your credit balances, deposits, securities or other assets with, any of the branches of Bank of India or of its subsidiaries anywhere in the world and upon the happening of any of the events of default referred herein, we shall be entitled to exercise a right of set off between the amounts due and payable to us and the said credit balances, deposits, securities and other assets.
13. The bank reserves the right to discontinue any/all the credit facilities granted without giving you any prior notice in case of non-compliance and/or breach of any of the terms and conditions based on which the facilities have been sanctioned to you and/or if any information/particulars/documents furnished by you are found to be incorrect.
14. The Bank carries out the credit rating exercise every year when the facilities are reviewed. However, it reserves the right to carry out the credit rating exercise of the facilities at frequencies considered necessary.
15. The Bank reserves the right to add, amend, alter, cancel and modify any of the terms and conditions stipulated herein above with or without any prior reference to you. Further, the bank's general rules governing advances shall also apply. The Corporation/firm to abide by such terms and conditions as the bank may stipulate from time to time.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)

SECTION OFFICER